

2022 AUG 18 P 1:28

## **MEASURE P**

### **CITY ATTORNEY IMPARTIAL ANALYSIS**

The El Cajon City Council approved Measure P and requested that San Diego County place Measure P on the ballot at the November 8, 2022 general election. Measure P is a transactions and use tax within the City of El Cajon ("City") that would tax retail sales at one percent (1%) of the retail sales price, i.e. one cent for an item that costs one dollar, while at the same time eliminating the existing one-half percent (0.5%) tax imposed by Ordinance No. 4919, approved by the voters as Proposition J in 2008 set to expire January 1, 2029.

Measure P is a tax to be collected in the same manner as a traditional sales tax with minor exceptions. Measure P would repeal Proposition J, reducing the tax on retail sales to 7.75%, and then authorize a one percent (1%) transactions and use tax that would increase the combined sales tax rate in the City to eight and three quarters percent (8.75%). Retailers collect the tax from customers at the time of a retail purchase and remit the funds to the State Department of Tax and Fee Administration, which administers the tax. The tax would be paid by anyone purchasing goods at retail establishments within the City. Certain transactions on non-residents are exempt from tax under State law.

Taxes collected pursuant to Measure P would be deposited into the City's general fund and would not be sent to the State or County, allowing it to be controlled locally.

Measure P is classified as a general tax and not a special tax. General tax proceeds may be used for any municipal purpose, such as law enforcement services, addressing the homeless community, expanding fire/EMS services, increasing funding for roads, and enhancing parks. The City estimates that Measure P would result in net general fund revenue of approximately \$12.5 million annually until January 1, 2029, and \$30 million annually thereafter until repealed by a vote of the people.

Measure P would (1) establish an oversight committee of seven members, one of which would be nominated by the San Diego Taxpayers Association, one person nominated from a local business organization, and the remainder residents selected by the El Cajon City Council, and (2) require an independent annual audit which is required for all other general fund revenue. The auditor's report would be a public record available to any member of the public for inspection. Further, Measure P would allow the City Council to suspend or restore all or part of the one percent tax by a unanimous vote of its members.

A "Yes" vote on Measure P is a vote to approve the adoption of an ordinance repealing the existing tax imposed by Proposition J and then establishing this tax throughout the City. A "No" vote is a vote to decline this tax, and the one-half percent tax of Proposition J would remain in place until January 1, 2029. Measure P will be approved if it receives a simple majority of "Yes" votes.

PREPARED BY: Morgan L. Foley, City Attorney  
City of El Cajon

The above statement is an impartial analysis of Ordinance No. \_\_\_\_\_. If you desire a copy of the ordinance, please call the City's elections official's office at 619-441-1763 and a copy will be mailed at no cost to you.